LABRADOR IRON MINES HOLDINGS LIMITED News Release

LABRADOR IRON MINES REPORTS THIRD QUARTER RESULTS

●Plan of Arrangement implemented and financial restructuring completed
●Net Income of $72 million recorded in third quarter
●Iron ore prices move higher

Toronto, Ontario, February 28, 2017. **Labrador Iron Mines Holdings Limited ("LIM")** reports its financial results for its third fiscal quarter and nine months ended December 31, 2016.

This News release should be read in conjunction with the Company's unaudited financial statements and Management's Discussion & Analysis for the quarter and nine months ended December 31, 2016, which are available on the Company's website at www.labradorironmines.ca, or under the Company's profile on SEDAR (www.sedar.com).

OVERVIEW

- For the third fiscal quarter ended December 31, 2016, **Labrador Iron Mines Holdings Limited** (on a consolidated basis, the "Company") reported net income of $72.1 million or $0.55 per share, mainly attributable to a restructuring recovery of $47.1 million and a net impairment reversal of $25.5 million.
- The Company's Plan of Arrangement (the "Plan") was implemented on December 19, 2016, completing the restructuring of the Company's financial and business affairs.
- Upon implementation of the Plan, claims totaling approximately $75 million (in addition to approximately $293 million of intercompany claims) were extinguished in exchange for equity and most of the Company's debts were extinguished.
- LIM recorded a partial impairment reversal of mineral property interests in the amount of $27.0 million based on a management assessment of the value of the Company's projects using a comparative valuation approach.
- The price of iron ore doubled during 2016, reaching a two-year high of US$80 per tonne in November. Since the new year prices have moved higher, almost touching the US$100 per tonne mark, the highest level since mid-2014. By February 2017, the price of iron ore was up more than 90% from the near decade lows experienced in December 2015.
- LIM exited CCAA proceedings debt free and with ownership and value of its business and core assets preserved and positioned to develop mining operations from its Houston direct shipping iron ore project when market conditions permit, subject to completion of development financing.
- The Company issued 36,041,304 new common shares, representing a 22% equity interest, and now has a total of 162,364,427 shares outstanding.
- New Director appointed: - Brendan Lynch, Chief Financial Officer of Gerald UK Ltd.

FINANCIAL RESTRUCTURING AND PLAN OF ARRANGEMENT

In April 2015, the Company instituted proceedings for a financial restructuring under the Companies' Creditors Arrangement Act ("CCAA") to provide an opportunity for the orderly restructuring of the Company's business and financial affairs, to enable the Company to emerge with a viable business in the most favourable position to secure additional development financing to proceed with the development of the Houston Project.

On December 14, 2016, the Company's Plan of Arrangement was sanctioned by the Court, marking the final legal milestone in the Company's restructuring process. The principal purposes of the Plan were to convert the debts of parent company Labrador Iron Mines Holdings Limited ("LIMH") into equity of LIMH and the debts of subsidiaries Labrador Iron Mines Limited ("LIM") and Schefferville Mines Inc. ("SMI") into equity of LIM and Houston Iron Royalties Limited ("RoyaltyCo"), a newly-formed corporation that has been granted the right to receive a royalty equal to 2% of the sales proceeds (FOB Port of Sept-Iles) received by LIM and SMI from sales of iron ore from the Houston and Malcolm properties.

The Plan created a framework that will permit the Company to sustain itself pending the recovery of iron ore prices, and provided creditors an opportunity to recover their debts through their equity participation in the future profits of the Company's business.

On December 19, 2016, the Plan was implemented. Upon implementation, creditors with claims against LIMH (other than those with Convenience Claims) were issued, as a group, 36,041,304 new common shares of LIMH, representing a 22% equity interest in LIMH. Creditors with claims against LIM or SMI (other than those with Convenience Claims) were issued, as a group, 49,000,000 new common shares of LIM, representing a 49% non-controlling equity interest in LIM. LIMH retains a 51% equity interest in LIM. Creditors with claims against LIM or SMI also received 35,000,000 common shares of RoyaltyCo, representing a 100% equity interest in RoyaltyCo.

OPERATIONS SUMMARY

The Company did not recommence mining operations for the 2016 operating season, due to the low iron ore price environment and a continuing need for start-up working capital and development financing for the Company's Houston Project.

Notwithstanding the challenging environment during the past several years, the Company continues to conduct a variety of necessary operational and corporate activities with the objective of preserving its assets, maintaining its mineral properties on a standby basis, fulfilling environmental and regulatory obligations, and controlling costs, securing additional working capital and development financing.

All capital expenditure and exploration programs continue to be suspended for cash conservation purposes, other than fulfilling such minimum field work required for claims maintenance purposes. The Company completed its planned 2016 field exploration program to maintain its mineral claims in good standing.

Progressive rehabilitation work at the James Mine was carried out during the fall of 2016. The rehabilitation work included placement of overburden and organic material on the settling pond area, waste rock stockpile and treat rock stockpile. The Company is also continuing its vegetation work in the James Mine area and completing a geotechnical study to assess the waste rock stockpile stability.

LIM's Schefferville Projects now consist of the Houston property ("Houston"), which includes the Malcolm deposit, and, subject to further exploration and development, other iron ore properties in the vicinity of Schefferville, including the Elizabeth taconite deposit.

Houston is planned to form the core of LIM's activities for the foreseeable future. Houston is situated in Labrador about 25 kilometres ("km") southeast of the town of Schefferville. Together with the Malcolm Deposit, considered to be its northwest extension, the Houston deposits are estimated to contain a National Instrument 43-101 ("NI 43-101") resource of 40.6 million tonnes grading 57.6% iron ("Fe").

Planning for the development of the Houston Project continues, although such planning is limited to the use of internal resources. The revised development plan is based on lower-cost dry crushing and screening only. When in full production, the Houston-Malcolm deposits are expected to produce consistent saleable product of about 2 to 3 million tonnes per year, with an initial mine-life of 8 to 10 years.

FINANCIAL RESULTS – THIRD QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

For the third fiscal quarter ended December 31, 2016, the Company reported net income of $72.1 million, or $0.55 per share. The net income of $72.1 million was mainly attributable to a restructuring recovery of $47.1 million and a net impairment reversal of $25.5 million, offset by site costs of $0.3 million and corporate and administrative costs of $0.4 million.

For the nine months ended December 31, 2016, the Company reported net income of $70.8 million, or $0.55 per share during, compared to a net loss of $5.1 million, or $0.04 per share, in the same period of the previous fiscal year.

The restructuring recovery represents the net impact of expenses, transactions and provisions that were directly associated with the restructuring of the Company under its CCAA proceedings. The restructuring recovery of $48.6 million during the quarter consisted of the write-off of $55.8 million of compromised liabilities under the Plan, offset by professional fees of $0.3 million and adjustments to accepted claims of $8.4 million. The write-off represents the value of compromised liabilities extinguished in excess of the attributed value of consideration issued to settle such compromised liabilities.

The Company's mineral property interests had been fully impaired in prior periods due to then-prevailing economic conditions. During the quarter ended December 31, 2016, based on a management assessment of the value of the Company's projects using a comparative valuation approach, the Company recorded a partial impairment reversal of mineral property interests in the amount of $27.0 million (prior to giving effect to the newly granted royalty on the Houston and Malcolm projects at an attributed value of $7.0 million). The net impact of the $27.0 million partial impairment reversal and the $7.0 million royalty grant is a period-end carrying value of $20.0 million for the Company's mineral property interests.

The Company made no capital expenditures on property, plant and equipment on its mining properties during the quarter. Corporate and administrative costs remained low, reflecting a reduction in staff levels and a rationalization of office space and related costs. From a corporate perspective, the Company has been focused on its financial restructuring efforts, which culminated in approval and implementation of the Plan. In addition to suspending all capital expenditure and exploration activities, the Company has significantly reduced corporate overhead and, combined with the limited cost of site maintenance and standby activities, has succeeded in reducing its ongoing costs significantly.

As at December 31, 2016, subsequent to implementation of the Plan, the Company had a positive working capital balance of $0.5 million. The Company has no current or long-term bank debt. The Company intends to fund its ongoing site standby and general corporate and administrative activities from the proceeds of sale of surplus non-core assets and equipment.

IRON ORE MARKET CONDITIONS

The price of iron ore doubled during 2016, driven by increased Chinese demand, reaching a two-year high of US$80 per tonne in November. Domestic iron ore production in China was replaced by increasing levels of seaborne iron ore and imports hit a record level of over one billion tonnes in 2016. Since the new year prices have moved even higher, almost touching the US$100 per tonne mark, the highest level since mid-2014. By February 2017, the price of iron ore was up more than 90% from the near decade lows experienced in December 2015.

Industry analysts attribute the price rise in 2016 to improving market dynamics as steel production in China, the world's largest steel producer, continues to grow while world-wide iron ore supply expansion plans have been ratcheted down. With the higher prices for coking coal and the crackdown on pollution by the Chinese government, demand for high grade iron ore has risen significantly.

Fundamental demand for steel within China remains high, driven by China's credit stimulus early in 2016 and spending on railways and other infrastructure. Steel margins have remained robust, absorbing the higher input costs for metallurgical coal and iron ore. The Chinese railway, housing and automotive sectors are driving domestic Chinese demand for steel, while at the same time the anticipated reduction in Chinese domestic steel capacity will likely offer continued support for steel prices and margins.

Metallurgical coal prices in China were substantially higher in 2016 as a result of government reforms aimed at cutting excess capacity in the coal industry and shutting smaller, inefficient and polluting coal mines. Environmental air quality concerns in China have forced operating restrictions and closure of both domestic metallurgical coal and iron ore operations. Met coal is a key ingredient in making steel and steel mills in China had to raise steel prices as production cost rose. Higher coal prices forced many Chinese steel mills to boost efficiency by using higher grade iron ore to reduce the amount of coke required in the furnace and use less coal. Paradoxically this increased the demand for and the price of high grade iron ore, which needs less metallurgical coal in steel production than low grade iron ore. However, this also lead to the price spread between high and low grades of iron ore widening as lower grade iron ore did not experience the same increase in demand.

Globally, steel production in the fourth quarter of 2016 increased substantially (6% to 7%) in China, the United States and in India in response to government-sponsored infrastructure initiatives. Additionally, political commentators expect the new U.S. administration to adopt a pro-stimulus fiscal program aimed to fulfill campaign promises of investing on domestic infrastructure to rehabilitate U.S.'s ailing industrial base.

This press release should be read in conjunction with the Company's Management's Discussion and Analysis (MD&A) and unaudited Financial Statements for the three and nine months ended December 31, 2016, which are available on the Company's website at www.labradorironmines.ca, under the "Financials" section, or on SEDAR (www.sedar.com).

APPOINTMENT OF NEW DIRECTOR

John F. Kearney, Chairman and Chief Executive, is pleased to announce the appointment of Brendan Lynch, Chief Financial Officer of Gerald UK Ltd, as a new director of Labrador Iron Mines Holdings Limited. Gerald, through subsidiaries or associated companies, holds 32,456,648 shares representing approximately 19.99% of the Company's issued shares.

* * * * * *

ABOUT LABRADOR IRON MINES HOLDINGS LIMITED

Labrador Iron Mines (LIM) is engaged in the mining, exploration and development of its direct shipping (DSO) deposits located in the Schefferville/Menihek region of the prolific Labrador Trough. LIM commenced mining operations in 2011 and in the three year period of 2011, 2012 and 2013 produced a total of 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 cape-size shipments into the China spot market.

LIM's current focus is on care and maintenance of the Company's mineral properties and assets with planning activities related to Houston Project development. The Company's objective is to be in a position to complete construction and begin mining operations from Houston when market conditions permit, subject to completion of development financing.

For further information, please visit LIM's website at www.labradorironmines.ca or contact:

John F. Kearney
Chairman and Chief Executive Officer
Tel: (647) 728-4105

Rodney Cooper
President and Chief Operating Officer
Tel: (647) 729-1287

Cautionary Statements:

The terms "iron ore" and "ore" in this document are used in a descriptive sense and should not be considered as representing current economic viability. A Feasibility Study has not been conducted on any of the Company's Schefferville Projects.

Forward Looking Statement:

Some of the statements contained in this Press Release may be forward-looking statements which involve known and unknown risks and uncertainties relating to, but not limited to, LIM's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties and assumptions regarding financing. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, delays in obtaining or failures to obtain required financing, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects, changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. There can be no assurance that LIM will be successful in maintaining any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects LIM's properties or may be impacted by the Schefferville Projects. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders and prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. LIM undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.